



## EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE  
GOVERNOR

May 3, 2004

### EXECUTIVE MEMORANDUM

MEMO NO. 04-01

TO: All Department Heads

SUBJECT: FY 04 Spending Moratorium

Projected collective bargaining costs (from the recent Hawaii Government Employees Association arbitration decision, the agreement with the University of Hawaii Professional Assembly, and potential settlements with the remaining Bargaining Units 1 and 5) are substantial and will have a serious impact on the State's financial condition.

To accommodate the anticipated authorized increases in payroll in FY 05 and subsequent years, it is necessary at this time to impose an immediate spending moratorium on all spending except for non-discretionary obligations.

Accordingly, effective immediately through June 30, 2004, the following expenditure guidelines shall apply to **all discretionary operating authorizations and appropriations funded by general, special, or revolving funds.** These guidelines shall supplement the previous Executive Memorandum (EM) No. 03-09, "*FY 04 Budget Execution Policies and Instructions*," dated September 15, 2003.

#### Policy Summary:

1. Effective immediately through June 30, 2004, there shall be no expenditures or commitment of expenditures made (contracts or encumbrances) for the following general, special, or revolving funded discretionary items:
  - a. Equipment and Furniture
  - b. Training
  - c. Supplies
  - d. Motor Vehicles
  - e. All new consultant/personal service contracts, whether under or above \$25,000

2. **Exceptions.** This spending moratorium shall **not** apply to:
  - a. Federally-funded or trust-funded items or programs.
  - b. The Department of Education (including Hawaii State Public Libraries), University of Hawaii, Hawaii Health Systems Corporation, Hawaii State Hospital, Public Safety (correctional programs and facilities, law enforcement, and parole), Hawaii Youth Correctional Facility, Hansen's Disease Facilities, and Animal Quarantine.
  - c. Non-discretionary authorizations and/or appropriations for debt service, State risk insurance, currently filled positions, fringe benefit costs, *Felix* and other court-ordered costs (including school health aides), public welfare, and funding for child and adult mental health costs.
  - d. Supplies and equipment required for maintenance of State facilities and budgeted by the Departments of Accounting and General Services, Defense, Land and Natural Resources, and Transportation.
  - e. Office supplies for regular, normal operations of programs.
  - f. Fuel, oil and parts for operation and maintenance of vehicles.
3. **Request for Exemption.** Exemptions for other specific expenditures must be approved by the Department of Budget and Finance.
4. **Workforce Control.** The policy regarding positions and vacancies as provided in EM No. 03-09, Attachment A, Item 14, continues to be in effect. However, departments are urged to exercise utmost care and caution in their decisions to fill vacancies at this time when there is a serious and immediate need to reduce expenditures due to insufficient resources.
5. Where guidelines and/or instructions conflict with previously issued EMs, policies stated herein shall prevail.

I cannot overemphasize the importance of your cooperation during these difficult times and in the days ahead. Your continued dedication to public service is very much appreciated.

LINDA LINGLE